

SCHEDULE 2 – EXPLANATION OF EFFECT OF BEING TREATED AS AN ACCREDITED INVESTOR UNDER THE CONSENT PROVISIONS

General Warning: Accredited investors are assumed to be better informed, and better able to access resources to protect their own interests, and therefore require less regulatory protection. Investors who agree to be treated as accredited investors therefore forgo the benefit of certain regulatory safeguards. For example, issuers of securities are exempted from issuing a full prospectus registered with the Monetary Authority of Singapore (the “MAS”) in respect of offers that are made only to accredited investors, and intermediaries are exempted from a number of business conduct requirements when dealing with accredited investors. Investors should consult a professional adviser if they do not understand any consequence of being treated as an accredited investor.

The following sets out a summary of the effect under the consent provisions of you being treated by us as an accredited investor. Where we deal with you as an accredited investor, we would be exempt from complying with certain requirements under the Financial Advisers Act, Chapter 110 of Singapore (the “FAA”) and certain regulations, notices and guidelines issued thereunder, as well as certain requirements under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) and certain regulations and notices issued thereunder. For more detailed information on the consent provisions and how they do not apply to accredited investors, please visit our website www.cimbbank.com.sg

Please note that the regulatory requirements that we are exempted from when dealing with you as an accredited investor may be amended and updated from time to time due to regulatory changes or otherwise. Whilst we have set out the consent provisions under the Securities and Futures (Licensing and Conduct of Business) Regulations, some of these provisions may not be in force yet and may only come into force vis-à-vis us at a later date.

Under the SFA and the regulations and notices issued thereunder:

- 1. Compensation from fidelity fund under Section 186(1) of the SFA.** Section 186(1) of the SFA provides for a fidelity fund to be held and applied for the purposes of compensating persons who suffer pecuniary loss because of certain defaults. You would not be entitled to be compensated from the fidelity fund, even if you have suffered pecuniary loss in the manner contemplated under Section 186(1) of the SFA.
- 2. Prospectus Exemptions under Sections 275 and 305 of the SFA.** Sections 275 and 305 of the SFA exempt the offeror from registering a prospectus when the offer of securities and securities-based derivatives contracts, and units of collective investment schemes is made to relevant persons (including accredited investors). In addition, secondary sales made to institutional investors and relevant persons remain exempt from the prospectus registration requirement provided that certain requirements are met.

You can be offered certain products that cannot be offered to retail investors. The issuer and/or offeror is not subject to the statutory prospectus liability under the SFA. Subsequent sales of securities, securities-based derivative contracts and collective investment schemes first sold under inter alia Section 275 and 305 can also be made to you, as well as transfers of securities of certain corporations and interests in certain trusts.

- 3. Restrictions on Advertisements under Sections 251 and 300 of the SFA.** Sections 251 and 300 of the SFA prohibit any advertisement or publication referring to an offer or intended offer of securities and securities-based derivatives contracts, and units of collective investment schemes from being made, except in certain circumstances. These restrictions do not apply to certain communications containing material on matters in a preliminary document lodged with the MAS. You may receive such communications and are therefore not protected by the requirements in Sections 251 and 300 of the SFA.
- 4. Part III of the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFR”).**
Part III of the SFR stipulates the requirements imposed on us in relation to the treatment of customers’ assets. We are exempt from treating you as a “retail investor” in relation to certain requirements pertaining to the treatment of a retail customer’s assets, as summarised below.

	Retail customer	Accredited investor
Disclosure requirement¹	<ul style="list-style-type: none"> The bank to make certain disclosures (such as whether the assets will be commingled with other customers and the risks of commingling, consequences if the institution which maintains the custody account becomes insolvent) in writing prior to depositing assets in custody account 	<ul style="list-style-type: none"> No such requirement
Prohibition on transferring title of assets received from customer to the bank or any other person²	<ul style="list-style-type: none"> Prohibited unless transferred in connection with borrowing or lending of specified products in accordance with Regulation 45 of the SFR 	<ul style="list-style-type: none"> No such requirement
Withdrawals from custody account to transfer the asset to any other person or account in accordance with the written direction of the customer³	<ul style="list-style-type: none"> Not permitted to transfer retail customer's assets, to meet any obligation of the bank in relation to any transaction entered into by the bank for the benefit of the bank 	<ul style="list-style-type: none"> No such prohibition
Customer Assets⁴	<ul style="list-style-type: none"> Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or Deposit into account directed by retail customer to which retail customer has legal and beneficial title and maintained with, inter alia, licensed banks, merchant banks or finance companies or banks established and regulated as banks outside Singapore 	<ul style="list-style-type: none"> Deposit into a custody account maintained in accordance with Regulation 27 of the SFR (requires the custody account to be maintained with certain specified institutions only); or Deposit into account directed by accredited investor
Mortgage of customer's assets – the bank may mortgage, charge, pledge or hypothecate customer's assets for a sum not exceeding the amount owed by the customer to the bank⁵	<ul style="list-style-type: none"> Prior to doing so, the bank must inform the retail customer of this right, explain the risks and obtain written consent of the retail customer 	<ul style="list-style-type: none"> No equivalent requirement to inform, explain risks or obtain written consent of accredited investor

¹ Regulation 27A

² Regulation 34A

³ Regulation 35(2)

⁴ Regulation 26(1)(a)

⁵ Regulation 34(2)

5. **Regulation 47BA of the SFR.** Regulation 47BA of the SFR provides that the bank must not deal with a retail customer as an agent when dealing in certain capital markets products. We are not subject to this prohibition if you are an accredited investor and may deal with you as an agent in relation to over-the-counter derivatives contracts and/or spot foreign exchange contracts, for the purposes of leveraged foreign exchange trading.
6. **Regulation 47E of the SFR.** We are not under any obligation under Regulation 47E(1) and (2) of the SFR to provide for certain risk disclosure requirements for (a) trading in futures contracts, spot FX contracts for the purposes of leveraged FX trading and FX OTC derivatives (the "Products"), and (b) soliciting or entering into fund management agreements to manage Products for you.
7. **Section 99H(1)(c) of the SFA read with Regulations 3A(5)(c), (d), (e) and (7) of the SFR.** If we appoint a provisional representative or temporary representative in respect of any SFA regulated activity, we would undertake certain responsibilities in relation to the representative's interactions with any client or member of the public. We are not under any statutory obligation to restrict the interactions with you that may be undertaken by such representatives.
8. **Regulation 33 of the SFR.** We are not under any statutory obligation under Regulation 33(2)(a) of the SFR to explain the risks involved to you prior to us lending or arranging for a custodian to lend your specified products.
9. **Regulation 40 of the SFR.** Provided: (a) we have made available to you (on a real-time basis) with your consent monthly and quarterly statements of account containing prescribed particulars electronically; or (b) you have requested in writing not to receive the statement of account, we are not under any statutory obligation under Regulation 40(1) and (3) of the SFR to furnish a monthly or quarterly statement of account to you.
10. **Regulation 45 of the SFR.** We are not under any statutory obligation to provide collateral to you under Regulation 45 of the SFR when we borrow specified products from you. Where we provide assets to you as collateral for the borrowing, unlike for retail investors, the agreement does not have to include the requirement to mark-to-market on every business day the specified products that are borrowed nor the minimum collateral comprising specified products nor procedures for calculating the margins.
11. **Regulation 47DA of the SFR.** We are not required to provide certain general risk disclosures or disclose to you the capacity in which we act when opening a trading account for entering into transactions of any products that are not futures contracts, spot FX contracts and FX OTC derivatives.

Under the FAA and the regulations, notices and guidelines issued thereunder:

12. **Section 23F(1)(c) of the FAA read with Regulations 4A(4)(c), (d), (e) and (6) of the Financial Advisers Regulations ("FAR").** If we appoint an individual as a provisional representative in respect of any financial advisory service, we undertake certain responsibilities in relation to the provisional representative's interactions with any client or member of the public. We are not under any statutory obligation to restrict the interactions with you that may be undertaken by our provisional representatives in the course of providing any financial advisory service.
13. **Regulation 28 of the FAR.** Regulation 28 of the FAR provides an exemption to a corporation, not being a licensed financial adviser or an exempt financial adviser, which carries on the business of advising others either directly or through publications or writings or by issuing or promulgating research analyses or research reports, concerning bonds to an expert investor or an accredited investor, from having to hold a financial adviser's licence in respect of the above-stated activity. It also exempts certain exempt financial advisers from having to comply with requirements set out in sections 26 to 29 and 36 of the FAA in respect of advising, or issuing or distributing research, on bonds to an expert investor or accredited investor.

When we provide advice or analyses on bonds, we will not be required to comply with the requirements set out in sections 26 to 29 and 36 of the FAA. Briefly, these provide for: (a) under Section 26, the obligation not to make any false or misleading statement or to employ any device, scheme or artifice to defraud; (b) under Section 27, the obligation to have a reasonable basis for any recommendation on an investment product that is made to a client (see below); (c) under Section 28, requirements relating to dealing with client's money or property; (d) under Section 29, the obligation to furnish information to the MAS if

required by the MAS for the discharge of its functions under the FAA; and (e) under Section 36, certain disclosure of interest requirements (see below).

- 14. Regulation 32C of the FAR.** Regulation 32C of the FAR exempts a foreign research house from having to hold a financial adviser's licence for research analysis or reports issued or distributed under an arrangement between the foreign research house and a financial adviser in Singapore, subject to certain conditions. We are not subject to the condition that such research analysis or reports must contain a statement that we accept legal responsibility for the contents of the analysis or report, and must not include a disclaimer limiting or otherwise curtailing such legal responsibility.
- 15. Section 25 of the FAA, MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03] and MAS Practice Note on the Disclosure of Remuneration by Financial Advisers [Practice Note No. FAA-PN01].** Section 25 of the FAA imposes an obligation on a financial adviser to disclose to its clients and prospective clients all material information relating to any designated investment product recommended by the financial adviser. The MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03] sets out the general principles and specific requirements as to the form and manner of disclosure for compliance with, among others, section 25 of the FAA. This is supplemented by the MAS Practice Note on the Disclosure of Remuneration by

Financial Advisers [Practice Note No. FAA-PN01], which provides guidance on the requirements imposed on a financial adviser in relation to disclosing certain remuneration.

We are not under any statutory obligation to provide you with all material information on any designated investment product in the prescribed form and manner, e.g. the benefits and risks of the designated investment product and the illustration of past and future performance of the designated investment product.

- 16. Section 27 of the FAA and MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16].** Section 27 of the FAA requires a financial adviser to have a reasonable basis for any recommendation on an investment product, after considering the investment objectives, financial situation and particular needs of the client. The financial adviser must also conduct investigation on the investment product that is the subject matter of the recommendation, as is reasonable in all the circumstances. The MAS Notice on Recommendations on Investment Products [Notice No. FAA-N16] sets out requirements which apply to a financial adviser when it makes recommendations on investment products to its clients.

We are not under any statutory obligation to ensure that we have regard to the information possessed by us concerning your investment objectives, financial situation and particular needs and have given consideration to and conducted investigation of the subject matter of any recommendation, and that the recommendation is based on such consideration and investigation. We are also not statutorily required to conduct a Customer Knowledge Assessment or Customer Account Review to determine your investment experience and knowledge (which we would otherwise have been required to conduct if you are a natural person) nor are we required to comply with certain procedures, including furnishing of certain risk warnings on overseas-listed investment products. Further, you will not be able to rely on section 27 of the FAA in any claim against us for losses that may be suffered in respect of any investment that we may have recommended to you.

- 17. Section 36 of the FAA.** We are not under any statutory obligation to include a statement of the nature of any interest in, or any interest in the acquisition or disposal of, specified products in any written recommendation or document that we may send to you.
- 18. Sections 38 and 39 of the FAA, and MAS Notice on Requirements for the Remuneration Framework for Representatives and Supervisors ("Balanced Scorecard Framework") and Independent Sales Audit Unit [Notice No. FAA-N20] ("BSC Notice") and MAS Guidelines on the Remuneration Framework for Representatives and Supervisors ("Balanced Scorecard Framework"), Reference Checks and Pre-Transaction Checks [Guideline No. FAA-G14] ("BSC Guidelines").**

We are not under any statutory obligation to either (a) establish or maintain such a remuneration framework, or to review and assess the performance, and determine and pay the remuneration, of our representatives and supervisors in accordance with such a remuneration framework, or (b) to have an independent sales audit unit to audit the quality of the financial advisory

services provided by our representatives. We would otherwise have been required to put in place the above requirements if you are a natural person who is not an accredited investor.

- 19. Regulation 18B of the FAR.** We are not under any statutory obligation to carry out a due diligence exercise to ascertain whether any new product we wish to sell or market is suitable for targeted clients.
- 20. Regulation 3(2)(a)(ii) of the FA (CHR) Regs.** Regulation 3(2)(a)(ii) of the FA (CHR) Regs will apply to any complaint that is made by a client of a financial adviser who is not an accredited investor. Such complaints by retail clients will be protected by certain regulatory safeguards under the FA (CHR) Regs. While we are not required to apply the same regulatory requirements on accredited investor, we will apply the same complaint handling standards across to you, including acknowledging your complaints, keeping you informed of the status of your complaint and giving you a final response within 20 business day.